

PUBLIC DISCLOSURE

JANUARY 28, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WALPOLE CO-OPERATIVE BANK

982 MAIN STREET
WALPOLE, MA 02081

DIVISION OF BANKS
100 CAMBRIDGE STREET
BOSTON, MA 02202

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **WALPOLE CO-OPERATIVE BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **January 28, 1999**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches, if applicable. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

The assessment of Walpole Co-operative Bank's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates.

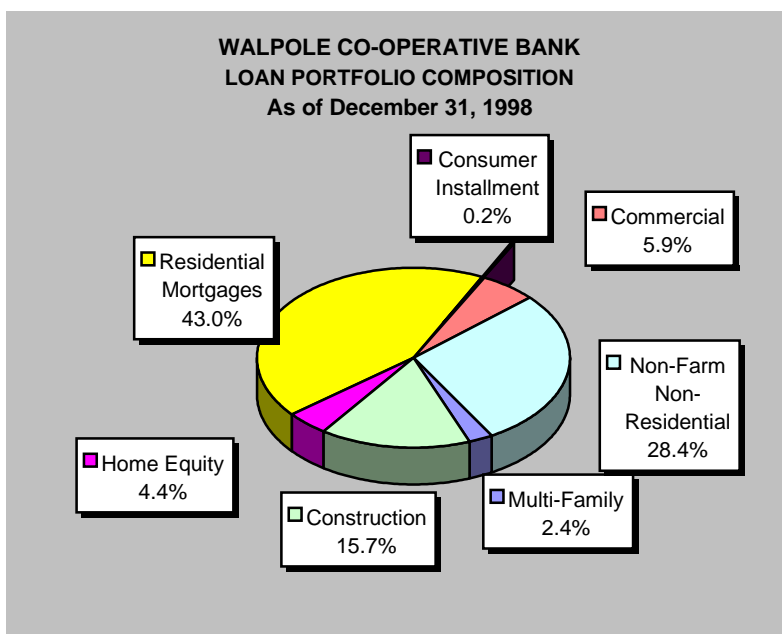
Walpole Co-operative Bank makes the majority of its loans within its assessment area. Deposits from the community are returned to the community in the form of residential and small business loans. Based on the geographic distribution of its loans and the review of its Fair Lending performance, the bank appears to be extending credit in a non-discriminatory manner. Management has also identified local credit needs and has developed products that help meet those needs.

PERFORMANCE CONTEXT

Description of Institution

Walpole Co-operative Bank (WCB) is a mutual thrift institution incorporated under the laws of the Commonwealth of Massachusetts in 1912. WCB operates from a single office located at 982 Main Street in Walpole, Massachusetts. The main office is located in a moderate-income census tract in the downtown business district of the Town of Walpole.

According to Call Report data, the bank's total assets for the period ending December 31, 1998, was \$211,701,000. For the twelve month period beginning December 31, 1997 through December 31, 1998, total assets grew more than 5.2 percent. As of December 31, 1998, loans comprised 71.2 percent of WCB's total assets. The bank is primarily an owner-occupied single family residential mortgage, and small business lender. The following chart indicates that residential mortgage loans account for 43.0 percent of the total dollar volume of loans in the bank's portfolio. Non-farm, non-residential loans and construction loans account for 28.4 percent and 15.7 percent, respectively. The remainder of the portfolio is distributed among commercial, home equity, multi-family, and consumer loans.



The bank was last examined for compliance with the Community Reinvestment Act by the Federal Deposit Insurance Corporation (FDIC) on December 16, 1997. That examination resulted in a CRA rating of "Satisfactory". The previous examination conducted by the Division of Banks on November 27, 1995 also resulted in an overall "Satisfactory" rating.

Description of Assessment Area

Walpole Co-operative Bank's assessment area is comprised of 18 towns, all within Boston Metropolitan Statistical Area (MSA). They include: Bellingham; Canton; Dover; Dedham; Franklin; Foxboro; Medway; Medfield; Millis; Needham; Norfolk; Norwood; Plainville; Sharon; Walpole; Westwood; and Wrentham, all located in Norfolk County; and the Town of Mansfield located in Bristol County. The assessment area has a total of 50 census tracts, 26 of which (52.0 percent) are designated as middle-income and 22, or 44.0 percent designated as upper-income. There is 1 low-income census tract and 1 moderate-income census tract.

The Town of Walpole is geographically situated approximately 18 miles southwest of the City of Boston. The town has evolved from a traditional sawmill town into a growing, and relatively affluent bedroom community. Walpole possesses a stable mix of commercial and industrial land uses. Major employers of the town include Bird Machine, Hollingsworth and Vose, Ciba Corning, Bird Johnson, and Bradlees department store.

A breakdown of family household incomes within the assessment area indicates that 11.1 percent are low-income; 14.6 percent are moderate-income; 24.8 percent are middle-income; and 49.5 percent are upper-income. According to 1990 census data, 4.1 percent of the assessment area's households live below the poverty level. This figure is in sharp contrast to the statewide figure of 8.9 percent.

Within the assessment area, 73.3 percent of all housing units are owner-occupied while 23.2 percent of all housing units are renter-occupied. The assessment area housing is characterized by 1-to-4 family residential dwellings, which represent 85.5 percent of all units.

The following housing data is based on 1990 census data. This data indicated that 61.2 percent of the total housing units within the assessment area are within middle-income tracts and 38.7 percent are within upper-income tracts.

ASSESSMENT AREA HOUSING DATA*							
CENSUS TRACTS	# of HOUSING UNITS	% VACANT UNITS	% OWNER-OCCUPIED	% RENTER OCCUPIED	TOTAL FAMILIES	%	MEDIAN HOME VALUE
LOW INCOME	5	0.0	0.0	0.02	8	.01	\$0
MODERATE INCOME	147	0.0	0.02	0.53	29	.04	\$162,500
MIDDLE INCOME	60,421	2.6	58.54	78.09	42,956	58.60	\$171,460
UPPER INCOME	38,199	0.8	41.44	21.35	30,309	41.35	\$239,783
TOTALS	98,772	3.4	100.0	100.0	73,302	100.0	\$197,861

*Based on 1990 Census Data.

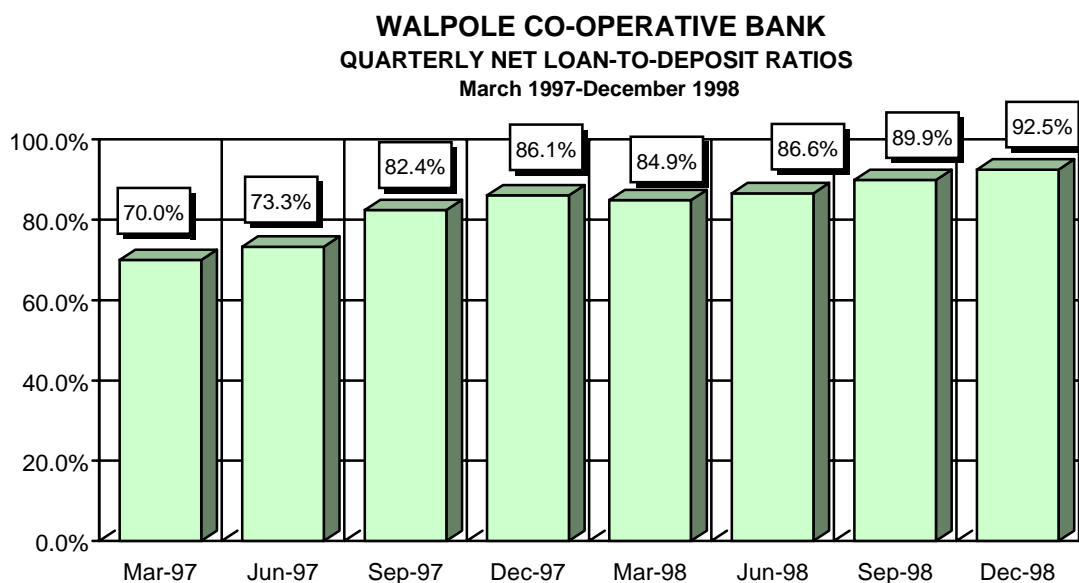
PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Based upon WCB's asset size, its capacity to lend, and the credit needs of its customers, the institution's net loan-to-deposit ratio exceeds the standards for satisfactory performance.

An analysis of Walpole Co-operative Bank's average loan-to-deposit (LTD) ratio was performed during the examination. The analysis considered the Federal Financial Institutions Examination Council (FFIEC) Call Report data for the quarters ending March 31, 1997 through December 31, 1998. The bank's average net loan to deposit ratio was determined to be 83.2 percent for the period reviewed.

The following chart indicates that for the period reviewed, net LTD ratios have steadily increased. This overall increase is primarily due to a growth in net loans, which have increased over the period by 46.0 percent. Simultaneously deposits, while also growing, increased by only 11.0 percent. Discussions with management indicated that loan growth and the subsequent increases in LTD ratios could be attributed to advances from the Federal Home Loan Bank to support loan demand and that more loans are kept in the bank's portfolio.



WCB's average net loan-to-deposit ratio of 83.2 percent for this period is consistent with other institutions of similar size and type operating within the bank's assessment area.

The following table compares Walpole Co-operative Bank with seven other competitors operating within the assessment area. As of September 30, 1998 WCB was second in

net loans to deposits. The ratios of the bank's competitors ranged from a high of 91.1 percent to a low of 60.6 percent.

NET LOANS-TO-DEPOSITS as of SEPTEMBER 30, 1998	
Medway Co-operative Bank	91.1
Walpole Co-operative Bank	89.9
Needham Co-operative Bank	82.6
Norwood Co-operative Bank	78.1
Sharon Co-operative Bank	73.2
Dean Co-operative Bank	70.8
Mansfield Co-operative Bank	65.5
Wrentham Co-operative Bank	60.6

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Based upon the analysis of residential and small business loan data, the bank's level of lending within the assessment area meets the standards for satisfactory performance.

A review of WCB's Home Mortgage Disclosure Act (HMDA) data for calendar years 1997 and 1998 was conducted. This information was used to determine the institution's level of lending inside the assessment area in comparison to the level of lending outside of the assessment area. Loan data represents mortgage loans on residential 1-to-4 family and multi-family properties. According to this data, the bank originated 166 residential mortgages in calendar year 1997, and 216 loans in 1998. Loans originated inside the bank's assessment area represented 75.4 percent of the total number and dollar volume. The Town of Walpole exhibited the largest concentration of loans originated with 38.6 percent of the total number and 35.4 percent of the total dollar amount. Wrentham and Medfield were a distant second and third with 6.5 percent and 4.7 percent of the total number, respectively. Loans originated outside of the bank's delineated assessment area constitute 24.6 percent of the total number and dollar volume of loans. Refer to the following tables for additional information.

RESIDENTIAL LOANS ORIGINATED BY NUMBER						
	1997		1998		TOTALS	
LOCATION	#	%	#	%	#	%
Walpole	59	35.6	88	40.6	147	38.6
Wrentham	13	7.8	12	5.6	25	6.5
Norwood	6	3.6	12	5.6	18	4.7
Mansfield	10	6.0	5	2.3	15	3.9
Franklin	10	6.0	5	2.3	15	3.9
Norfolk	8	4.9	5	2.3	13	3.4
Medfield	6	3.6	5	2.3	11	2.9
Bellingham	4	2.4	6	2.8	10	2.6
Foxborough	3	1.8	5	2.3	8	2.1
Needham	0	0.0	6	2.8	6	1.6
Walpole	2	1.2	2	0.9	4	1.0
Westwood	1	0.6	3	1.4	4	1.0
Dedham	3	1.8	0	0.0	3	0.8
Millis	0	0.0	3	1.4	3	0.8
Dover	1	0.6	1	0.5	2	0.5
Sharon	0	0.0	2	0.9	2	0.5
Plainville	0	0.0	1	0.5	1	0.3
Medway	0	0.0	1	0.5	1	0.3
INSIDE ASSESSMENT AREA	126	75.9	162	75.0	288	75.4
OUTSIDE A. A.	40	24.1	54	25.0	94	24.6
TOTALS	166	100.0	216	100.0	382	100.0

Source: 1997 and 1998 HMDA/LAR Data

RESIDENTIAL LOANS ORIGINATED BY DOLLAR AMOUNT						
	1997		1998		TOTALS	
LOCATION	\$(000)	%	\$(000)	%	\$(000)	%
Walpole	7,780	32.1	11,874	38.1	19,654	35.4
Wrentham	2,299	9.5	2,176	7.0	4,475	8.1
Medfield	1,204	5.0	1,280	4.1	2,484	4.5
Norwood	675	2.8	1,661	5.3	2,336	4.2
Mansfield	1,475	6.1	654	2.1	2,129	3.8
Franklin	1,366	5.6	642	2.1	2,008	3.6
Norfolk	1,224	5.0	650	2.1	1,874	3.4
Bellingham	615	2.5	780	2.5	1,395	2.5
Foxborough	354	1.5	865	2.8	1,219	2.2
Needham	0	0.0	1,137	3.6	1,137	2.1
Westwood	350	1.4	414	1.3	764	1.4
Dedham	588	2.4	0	0.0	588	1.1
Sharon	0	0.0	499	1.6	499	0.9
Walpole	223	0.9	157	0.5	380	0.7
Dover	215	0.9	175	0.6	390	0.7
Millis	0	0.0	322	1.0	322	0.6
Plainville	0	0.0	138	0.4	138	0.2
Medway	0	0.0	35	0.1	35	0.1
INSIDE ASSESSMENT AREA	18,368	75.7	23,459	75.2	41,827	75.4
OUTSIDE A. A.	5,889	24.3	7,741	24.8	13,630	24.6
TOTALS	24,257	100.0	31,200	100.0	55,457	100.0

Source: HMDA/LAR Data

Small Business Loans

A review of the bank's small business loan data for calendar years 1997 and 1998 was also conducted. A small business loan, as defined in the FFIEC Call Report instructions, is "... a loan with an original amount of \$1 million or less ...secured by nonfarm nonresidential properties; or commercial and industrial loans to US addresses." The institution's small business loan registers indicated that 135 loans were originated during the period reviewed, with a total dollar value of \$9.6 million. A total of 131 or 97.0 percent were originated within the assessment area. The Town of Norwood accounted for the majority of these loans with 33 or 24.4 percent of the total number of loans and 23.9 percent of the total dollar volume. Needham and Walpole followed with 19.3 percent and 17.0 percent of the total number, respectively. Refer to the following tables.

SMALL BUSINESS LOANS BY NUMBER						
LOCATION	1997		1998		TOTALS	
	#	%	#	%	#	%
Norwood	14	20.4	19	28.8	33	24.4
Needham	14	20.4	12	18.2	26	19.3
Walpole	13	18.8	10	15.2	23	17.0
Medfield	6	8.7	5	7.7	11	8.1
Franklin	7	10.1	2	3.0	9	6.7
Foxboro	1	1.4	7	10.6	8	6.0
Wrentham	3	4.3	2	3.0	5	3.7
Bellingham	1	1.4	3	4.5	4	3.0
Dedham	0	0.0	3	4.5	3	2.2
Walpole	2	3.0	0	0.0	2	1.5
Medway	2	3.0	0	0.0	2	1.5
Norfolk	1	1.4	1	1.5	2	1.5
Millis	1	1.4	0	0.0	1	0.7
Plainville	1	1.4	0	0.0	1	0.7
Sharon	1	1.4	0	0.0	1	0.7
ASSESSMENT AREA	67	97.1	64	97.0	131	97.0
OUTSIDE ASSESSMENT AREA	2	2.9	2	3.0	4	3.0
TOTALS	69	100.0	66	100.0	135	100.0

Source: Small Business Loan Registers

SMALL BUSINESS LOANS BY DOLLAR AMOUNT						
LOCATION	1997		1998		TOTALS	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
Norwood	543	12.1	1,748	34.4	2,291	23.9
Needham	1,341	29.8	444	8.6	1,785	18.6
Walpole	307	6.8	1,137	22.4	1,444	15.1
Medfield	664	14.8	389	7.7	1,053	11.0
Bellingham	165	3.6	435	8.6	600	6.3
Franklin	418	9.3	69	1.4	487	5.1
Foxboro	30	0.7	408	8.1	438	4.6
Wrentham	326	7.3	90	1.8	416	4.3
Norfolk	300	6.7	8	0.1	308	3.2
Medway	240	5.3	0	0.0	240	2.5
Dedham	0	0.0	104	2.0	104	1.1
Plainville	54	1.2	0	0.0	54	0.6
Walpole	49	1.1	0	0.0	49	0.5
Sharon	5	0.1	0	0.0	5	0.1
Millis	3	0.1	0	0.0	3	0.0
ASSESSMENT AREA	4,445	98.9	4,832	95.1	9,277	96.9
OUTSIDE ASSESSMENT AREA	50	1.1	250	4.9	300	3.1
TOTALS	4,495	100.0	5,082	100.0	9,577	100.0

Source: Small Business Loan Registers

The bank's level of lending relative to residential and small business loans indicates good responsiveness to credit needs within the assessment area. As stated previously, loan growth is especially noteworthy in these two areas.

Based upon the preceding information, the bank's level of lending within the assessment area is considered to be satisfactory.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The distribution of residential loans to borrowers of different incomes and to businesses of different sizes reflects exceptional penetration within these areas. Based upon this analysis, the bank's efforts exceed the standards for satisfactory performance.

An analysis of WCB's Loan Application Register (LAR) data for calendar years 1997 and 1998, was conducted in order to determine the distribution of loans based upon the income levels of borrowers. The analysis was based on the median family income of the Boston Metropolitan Statistical Area (MSA). The analysis of borrower income was based upon the ratio of borrower income to the Median Family Income for the Boston MSA. The Boston MSA median family income for calendar year 1997 was \$59,600 and \$60,000 for 1998. These figures are based upon estimated 1997 and 1998 Department of Housing and Urban Development (HUD) information.

Low-income is defined by the U.S. Census Bureau as income below 50 percent of the median family income level for the MSA; moderate-income is defined as 50 to 79 percent of the median family income; middle-income is defined as income between 80 and 119 percent of the median family income; and upper-income is defined as income at or greater than 120 percent of the median family income.

The following tables present the results of an analysis of loans extended according to borrower income. Loans to moderate-income borrowers (by number) represented a substantial 25.4 percent in 1997 and 16.7 percent in 1998 for a total percentage of 20.5 percent over the period examined. Middle-income borrowers received 27.0 percent of all loans in 1997 and 24.7 percent of all loans in 1998. Upper-income borrowers received the greatest number of loans with 40.5 percent in 1997 and 53.0 percent in 1998 for a total of 47.6 percent over the two year time period.

Refer to the following tables:

RESIDENTIAL LOANS ORIGINATED BY INCOME OF BORROWER (Number)						
% OF MEDIAN MSA INCOME	1997		1998		TOTALS	
	#	%	#	%	#	%
<50%	1	0.8	6	3.7	7	2.4
50%-79%	32	25.4	27	16.7	59	20.5
80%-119%	34	27.0	40	24.7	74	25.7
120%>	51	40.5	86	53.0	137	47.6
NA	8	6.3	3	1.9	11	3.8
TOTALS	126	100.0	162	100.0	288	100.0

Source: HMDA/LAR Data

RESIDENTIAL LOANS ORIGINATED BY INCOME OF BORROWER (Dollar Amount)						
% OF MEDIAN MSA INCOME	1997		1998		TOTALS	
	\$(000)	%	\$(000)	%	\$(000)	%
<50%	35	0.2	307	1.3	342	0.8
50%-79%	2,974	16.2	2,295	9.8	5,269	12.6
80%-119%	4,459	24.3	4,617	19.7	9,076	21.7
120%>	9,570	52.1	15,950	68.0	25,520	61.0
NA	1,330	7.2	290	1.2	1,620	3.9
TOTALS	18,368	100.0	23,459	100.0	41,827	100.0

Source: HMDA/LAR Data

The following table shows the number and dollar volume of HMDA-reportable loans originated by the bank in comparison to all other lenders who made loans within the assessment area in 1997. The 1997 information was utilized for comparison because this is the latest data available for aggregate analysis.

WALPOLE CO-OPERATIVE BANK 1997 HMDA REPORTABLE ORIGINATED LOANS COMPARED TO AGGREGATE DATA						
Borrower Income Level	Walpole Co-operative Bank		All Other Reporters	Walpole Co-operative Bank		All Other Reporters
	#	%	%	\$	%	%
<50%	1	0.8	3.0	35	0.2	1.0
50%-79%	32	25.4	11.6	2,974	16.2	6.6
80%-119%	34	27.0	23.7	4,459	24.3	18.1
>120%	51	40.5	45.9	9,570	52.1	56.0
NA	8	6.3	15.8	1,330	7.2	18.3
Total	126	100.0	100.0	18,368	100.0	100.0

Source: HMDA Data compiled by PCI Services, Inc. CRA Wiz

The results of the analysis indicated a strong distribution of the bank's HMDA-reportable loans among moderate and middle-income borrowers in comparison to that of the aggregate. The percentage of the bank's HMDA-reportable loans granted to moderate-income borrowers at 25.4 percent of the number and 16.2 percent of the dollar volume was proportionately greater than that of all other lenders in both the number and dollar volume of loans originated. In addition, lending to middle-income borrowers at 27.0 percent of the total number and 24.3 percent of the dollar volume is greater than that of the aggregate data.

Small Business Loan Size Within the Assessment Area

A review of the bank's small business loan data for 1997 and 1998 indicated that WCB has made smaller loans to smaller businesses within the assessment area. As the following table indicates 75.6 percent of the loans to small businesses within the assessment area were less than \$100,000 in dollar amount. The following table provides a more detailed display of small business loan activity by loan size.

SMALL BUSINESS LOANS BY LOAN SIZE (NUMBER)						
LOAN SIZE	1997		1998		TOTALS	
	#	%	#	%	#	%
< = \$100k	53	79.1	46	71.9	99	75.6
> \$100k - \$250k	11	16.4	15	23.4	26	19.8
> \$250k	3	4.5	3	4.7	6	4.6
TOTALS	67	100.0	64	100.0	131	100.0

Source: Small Business Data Collection

Table 3d

SMALL BUSINESS LOANS BY LOAN SIZE (DOLLARS)						
LOAN SIZE	1997		1998		TOTALS	
	\$	%	\$	%	\$	%
< = \$100k	1,542	34.7	1,414	28.2	3,106	32.9
> \$100k - \$250k	1,703	38.3	2,299	45.9	3,852	40.7
> \$250k	1,200	27.0	1,300	25.9	2,500	26.4
TOTALS	4,445	100.0	5,013	100.0	9,458	100.0

Source: Small Business Data Collection

The bank's lending performance with respect to small businesses denotes a favorable penetration of lending to businesses of different sizes. Of the 131 loans originated 55, or 42.0 percent, were granted to businesses with annual gross revenues of less than \$1 million.

SMALL BUSINESS LOANS BY REVENUES OF THE BUSINESS (NUMBER)						
ANNUAL BUSINESS REVENUES	1997		1998		TOTAL	
	#	%	#	%	#	%
< = \$1,000,000	26	38.8	29	45.3	55	42.0
> \$1,000,000	41	61.2	35	54.7	76	58.0
TOTALS	67	100.0	64	100.0	131	100.0

Source: Small Business Data Collection

SMALL BUSINESS LOANS BY REVENUES OF THE BUSINESS (DOLLAR)						
ANNUAL BUSINESS REVENUES	1997		1998		TOTAL	
	\$	%	\$	%	\$	%
< = \$1,000,000	1,019	22.9	1,554	31.0	2,573	27.2
> \$1,000,000	3,426	77.1	3,459	69.0	6,885	72.8
TOTALS	4,445	100.0	5,013	100.0	9,458	100.0

Source: Small Business Data Collection

Based on the bank's focus in providing small business credit within the assessment area as well as its record of making loans to borrowers of moderate and middle-income, the bank is considered to have exceeded the standards for satisfactory performance in this category.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The analysis of the geographic distribution of residential and small business loans and a comparative analysis of 1997 HMDA aggregate data indicate that WCB meets the standards for satisfactory performance.

The following table notes the number of residential loans originated within the assessment area by census tract classification for calendar years 1997 and 1998. The assessment area has a total of 50 census tracts with the following distribution of median income levels: 1 low-income tract, or 2.0 percent; 1 moderate-income tract, or 2.0 percent; 26 middle-income tracts, or 52.0 percent; and 22 upper-income tracts, or 44.0 percent. For the purpose of clarification, the low-income tract is located in a sparsely populated section of Bellingham and the moderate-income tract is located in a sparsely populated section of Foxboro, thus the opportunity for generating loans in these two tracts is limited. Owner-occupied properties within the assessment area's low and moderate-income tracts represent less than one percent of the total. By comparison, 55.8 percent of the owner-occupied properties are located in middle-income census tracts and 44.1 percent are in upper-income census tracts.

The following table indicates that no loans were originated in the area's low and moderate-income tracts for the period reviewed. The following tables also indicate that 66.3 percent of the number and 62.5 percent of the total dollar volume were originated in the assessment area's middle-income tracts. Loans originated in upper-income tracts represented 33.7 percent of the total number and 37.5 percent of the total dollar volume.

RESIDENTIAL LOANS BY CENSUS TRACT (Number)						
CENSUS TRACT	1997		1998		TOTALS	
	#	%	#	%	#	%
LOW	0	-	0	-	0	-
MODERATE	0	-	0	-	0	-
MIDDLE	87	69.0	104	64.2	191	66.3
UPPER	39	31.0	58	35.8	97	33.7
TOTALS	126	100.0	162	100.0	288	100.0

Source: 1997 and 1998 HMDA/LAR Data

RESIDENTIAL LOANS BY CENSUS TRACT (Dollar Amount)						
CENSUS TRACT	1997		1998		TOTALS	
	\$(000)	%	\$(000)	%	\$(000)	%
LOW	0	-	0	-	0	-
MODERATE	0	-	0	-	0	-
MIDDLE	11,710	63.8	14,445	61.6	26,155	62.5
UPPER	6,658	36.2	9,014	38.4	15,672	37.5
TOTALS	18,368	100.0	23,459	100.0	41,827	100.0

Source: 1997 and 1998 HMDA/LAR Data

As detailed previously and as illustrated in the following table, less than 1 percent of the assessment area's owner-occupied properties are located within the moderate-income tract. However, WCB's loan activity within middle-income tracts, with 69.0 percent of

the total number and 63.8 percent of the dollar volume, was more than that of the 1997 aggregate and the percentage of owner-occupied properties.

RESIDENTIAL LOANS BASED ON AGGREGATE DATA										
CENSUS TRACT INCOME CATEGORY	1-4 FAMILY OWNER-OCCUPIED PROPERTIES*		BANK 1997**				1997 AGGREGATE DATA ¹			
			NUMBER		DOLLAR		NUMBER		DOLLAR	
	#	%	#	%	\$(000)	%	#	%	\$(000)	%
LOW	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
MODERATE	12	0.1	0	0.0	0	0.0	6	0.0	820	0.1
MIDDLE	40,439	55.8	872	69.0	11,710	63.8	7,394	56.1	949,528	44.9
UPPER	31,975	44.1	39	31.0	6,658	36.2	5,780	43.9	1,165,895	55.0
TOTAL	72,426	100	126	100	18,368	100	13,180	100	2,116,243	100

Source: *1990 Census Data

**HMDA/LAR Data

¹©PCI Services, Inc. CRA WIZ

Distribution of Small Business Loans Within the Assessment Area

As of December 31, 1998, small business loans comprised 28.4 percent of the bank's loan portfolio. A total of 131 loans were originated within the assessment area for calendar years 1997 and 1998. An analysis of small business loan data for this period indicated that the loans originated within middle-income tracts constituted 55.7 percent of the total number and 59.1 percent of the total dollar amount. There were no small business loans originated in low and moderate-income tracts. The following table indicates the distribution of small business loans by census tract within the assessment area for each of the two years analyzed.

SMALL BUSINESS LOANS BY NUMBER AND CENSUS TRACTS						
CENSUS TRACT	1997		1998		TOTALS	
	#	%	#	%	#	%
LOW	0	-	0	-	0	-
MODERATE	0	-	0	-	0	-
MIDDLE	35	52.2	38	59.4	73	55.7
UPPER	32	47.8	26	40.6	58	44.3
TOTALS	67	100.0	64	100.0	131	100.0

Source: Small Business Data Collection

SMALL BUSINESS LOANS BY DOLLAR AMOUNT AND CENSUS TRACT						
CENSUS TRACT	1997		1998		TOTALS	
	\$(000)	%	\$(000)	%	\$(000)	%
LOW	0	-	0	-	0	-
MODERATE	0	-	0	-	0	-
MIDDLE	1,694	38.1	3,897	77.7	5,591	59.1
UPPER	2,751	61.9	1,116	22.3	3,867	40.9
TOTALS	4,445	100.0	5,013	100.0	9,458	100.0

Source: Small Business Data Collection

Based upon the preceding analyses, the geographic distribution of loans appears to reflect a solid dispersion of residential and small business loans throughout the delineated assessment area.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the bank's public comment file and its performance relative to fair lending policies and practices, the institution meets the standards for satisfactory performance.

Review of Complaints

A thorough review of the public comment file revealed that the bank received no complaints pertaining to the institution's CRA performance since the previous examination.

Fair Lending Policies and Practices

The following information details WCB's fair lending performance as it relates to the guidelines established by the Division of Banks Regulatory Bulletin 2.3-101.

STAFF TRAINING

On November 26, 1997, a video on fair lending was shown to the loan department personnel followed by a discussion concerning fair lending. On December 9, 1997, the entire staff participated in a review of Fair Lending, the Fair Housing Act, the Home Mortgage Disclosure Act, the Equal Credit Opportunity Act, and The Community Reinvestment Act. On May 14, 1998, WCB's loan department viewed a film concerning real estate laws entitled Everything You Ever Wanted to Know About Compliance and Were Afraid to Ask.

STAFF COMPOSITION AND COMPENSATION

As of February 10, 1999, WCB employed 32 individuals, 7 of who work part-time. Currently, the bank has no minority or bi-lingual individuals on staff. Personnel who are responsible for mortgage loan originations receive no additional compensation or commission, thus fostering loans of all dollar amounts.

OUTREACH

The bank's management maintains ongoing contact with community organizations. These organizations include The Neponset Valley and the United Chamber of Commerce, and the Economic Regional Task Force for the United Chamber.

CREDIT PRODUCTS AND UNDERWRITING STANDARDS

The bank offers a first-time homebuyer product that has no application fee and allows borrowers to receive a discount on legal fees.

MARKETING

WCB promotes its credit products by utilizing local newspapers such as The Country Gazette, The Walpole Times, and The Daily Transcript. These publications are circulated throughout the assessment area.

CREDIT EDUCATION

The bank's involvement in credit education is limited. Any customer seeking a loan, however, is taken through the application process step-by-step whenever necessary.

COUNSELING

Any borrower in need of counseling is referred to the appropriate credit counseling service provider. Any potential borrower with past negative credit history is also provided this service.

SECOND REVIEW PRACTICES

In 1995, the bank established second review procedures for all residential applications that were being considered for denial. The process requires the denial review committee, which is composed of the bank's President, senior lender, and designated loan officer, to re-examine mortgage loan applications recommended for denial. This process was established to ensure that all financing options are explored, and that all compensating factors have been applied fairly and consistently among all applicants. In addition, a questionnaire is filled out and serves as a checklist for every denied application.

INTERNAL REVIEW PROCEDURES

Part of the bank's internal review procedures include a monthly review of HMDA data. Also, the bank utilizes an outside auditing firm to review its records for compliance issues.

MINORITY APPLICATION FLOW

A review of HMDA reportable loan applications received in calendar years 1997 and 1998 was conducted. This data indicated that the bank received a total of 331 applications during this period with a total of 8, or 2.4 percent, from minority applicants. Of the 8 minority applications received, 7 were approved and 1 was withdrawn. According to the 1990 census, the bank's assessment area has a total population of 273,169. The breakdown of the racial/ethnic origin within the assessment area is as follows: White, 96.6 percent; Asian, 1.3 percent; Black, 1.1 percent; Hispanic, 0.8 percent; Native American, 0.1 percent and Other, 0.05 percent.

Refer to the following table for a breakdown of mortgage applications received by the bank and applications received by other institutions that made loans in the assessment area during calendar year 1997.

APPLICATION FLOW								
RACE	AGGREGATE 1997 DATA*		BANK 1997**		BANK 1998		BANK TOTAL	
	#	%	#	%	#	%	#	%
Native American	28	0.2	0	0.0	0	0.0	0	0.0
<i>Asian</i>	228	1.3	0	0.0	0	0.0	0	0.0
<i>Black</i>	127	0.7	2	1.5	1	0.5	3	0.9
<i>Hispanic</i>	66	0.4	0	0.0	1	0.5	1	0.3
<i>Other</i>	126	0.9	0	0.0	3	1.5	3	0.9
<i>Joint Race</i>	152	0.7	0	0.0	1	0.5	1	0.3
TOTAL MINORITY	727	4.3	2	1.5	6	3.0	8	2.4
<i>White</i>	12,721	74.5	128	95.5	184	93.4	312	94.3
<i>NA</i>	3,628	21.2	4	3.0	7	3.6	11	3.3
TOTAL	17,076	100.0	134	100.0	197	100.0	331	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

** HMDA 1997

The aggregate HMDA data for calendar year 1997, as contained in the above table, indicated that 4.3 percent of the 17,076 applications received by other institutions that made loans in the assessment area were from minority applicants. Of the 134 applications received by WCB in 1997, 1.5 percent were from minority applicants, a figure proportionately below that of other financial institutions. However, given the demographics of the bank's assessment area WCB's application flow appears to be within a reasonable range of acceptability.

Based upon the foregoing information, the bank appears to make a reasonable effort to comply with fair lending policies and practices as prescribed by the Regulatory Bulletin 2.3 101.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

WALPOLE CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JANUARY 28, 1999**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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_____	_____

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 19 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (982 Main Street at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the 982 Main Street of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.